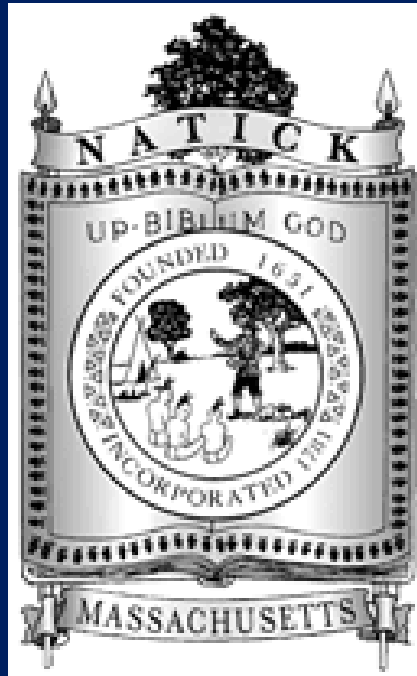


# *Town of Natick*

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## FY 2010 TA Recommended Budget Presentation

Martha White, Town Administrator

January 6, 2009



# *Town of Natick*

FY 2010 Recommended Budget

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## **Presentation Summary:**

1. Declining Revenues
2. Fiscal Realities of FY 2010 Budget
3. Ongoing Nature of Fiscal Troubles
4. Related Fiscal Troubles
5. Prudent Measures for Fiscal Progress
6. Changes in Budget Format

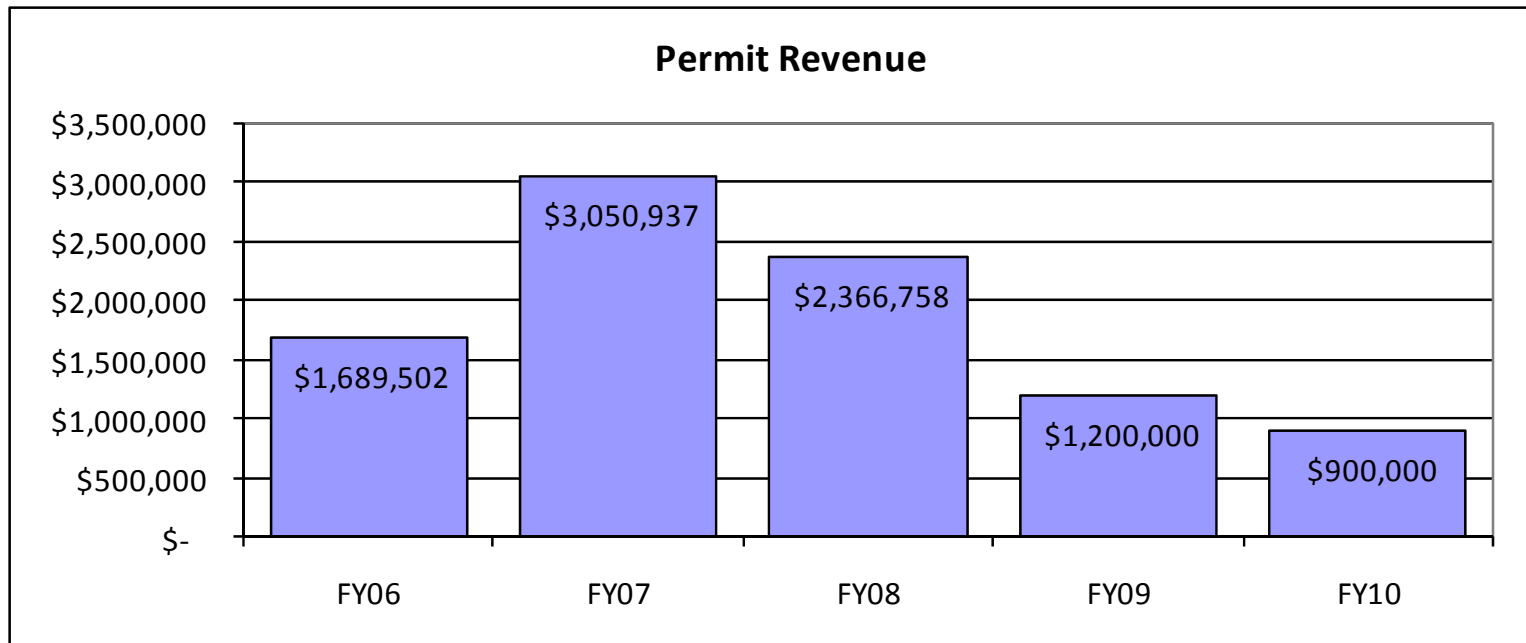


# *Town of Natick*

## FY 2010 Recommended Budget

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### 1. Declining Revenues



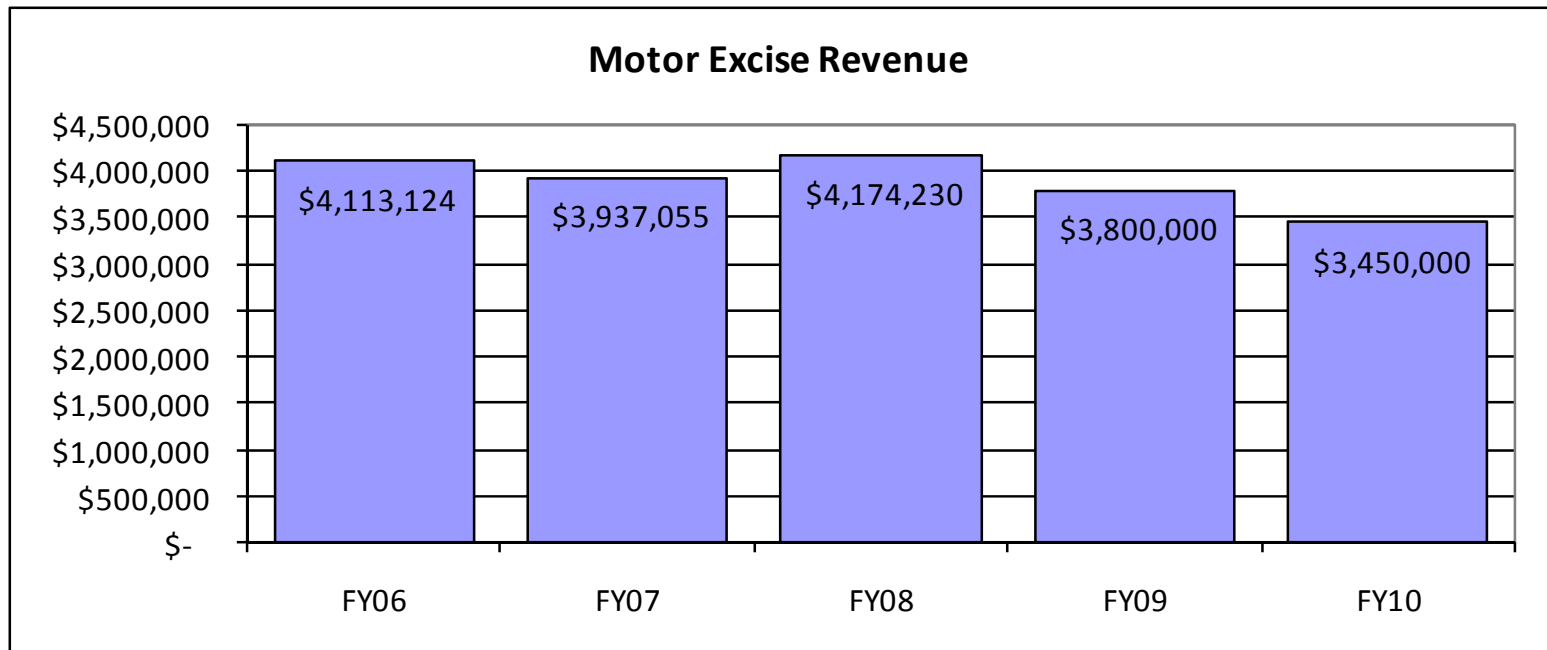


# *Town of Natick*

## FY 2010 Recommended Budget

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### 1. Declining Revenues



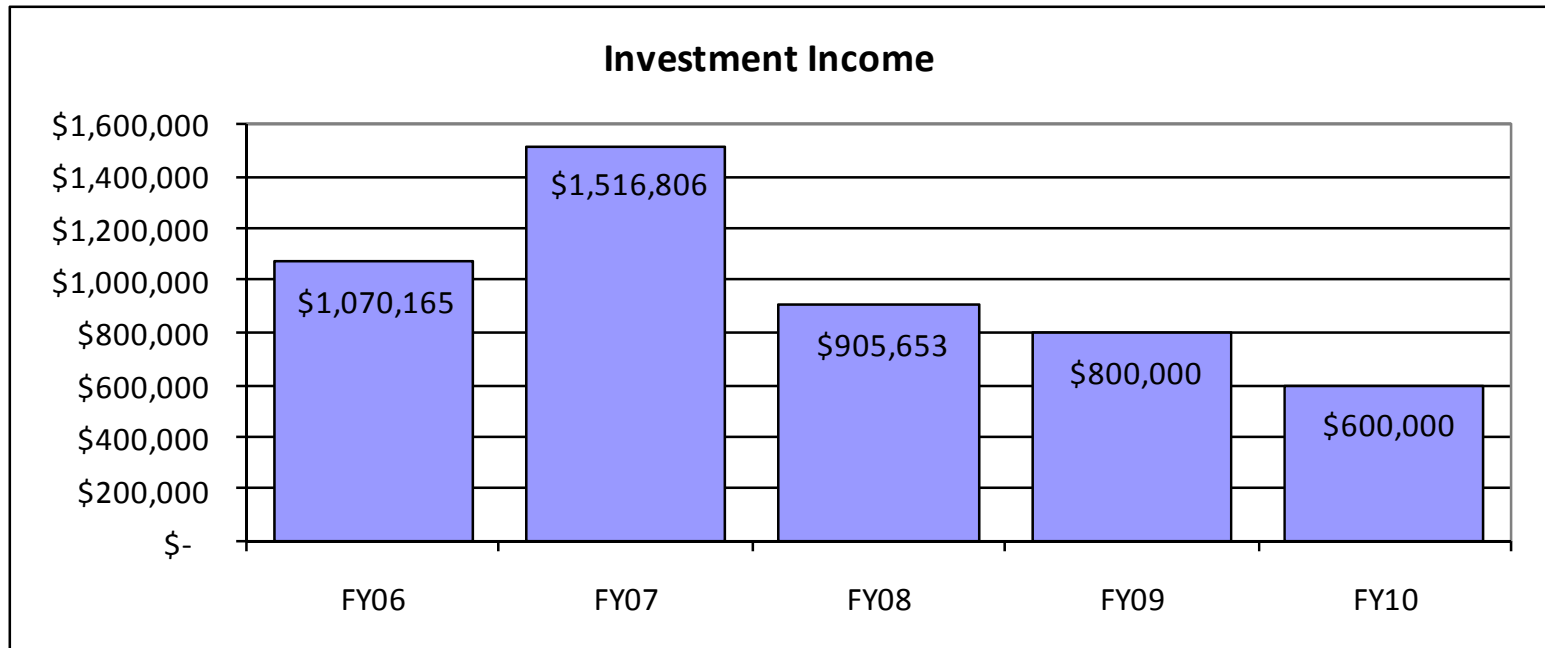


# *Town of Natick*

## FY 2010 Recommended Budget

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### 1. Declining Revenues



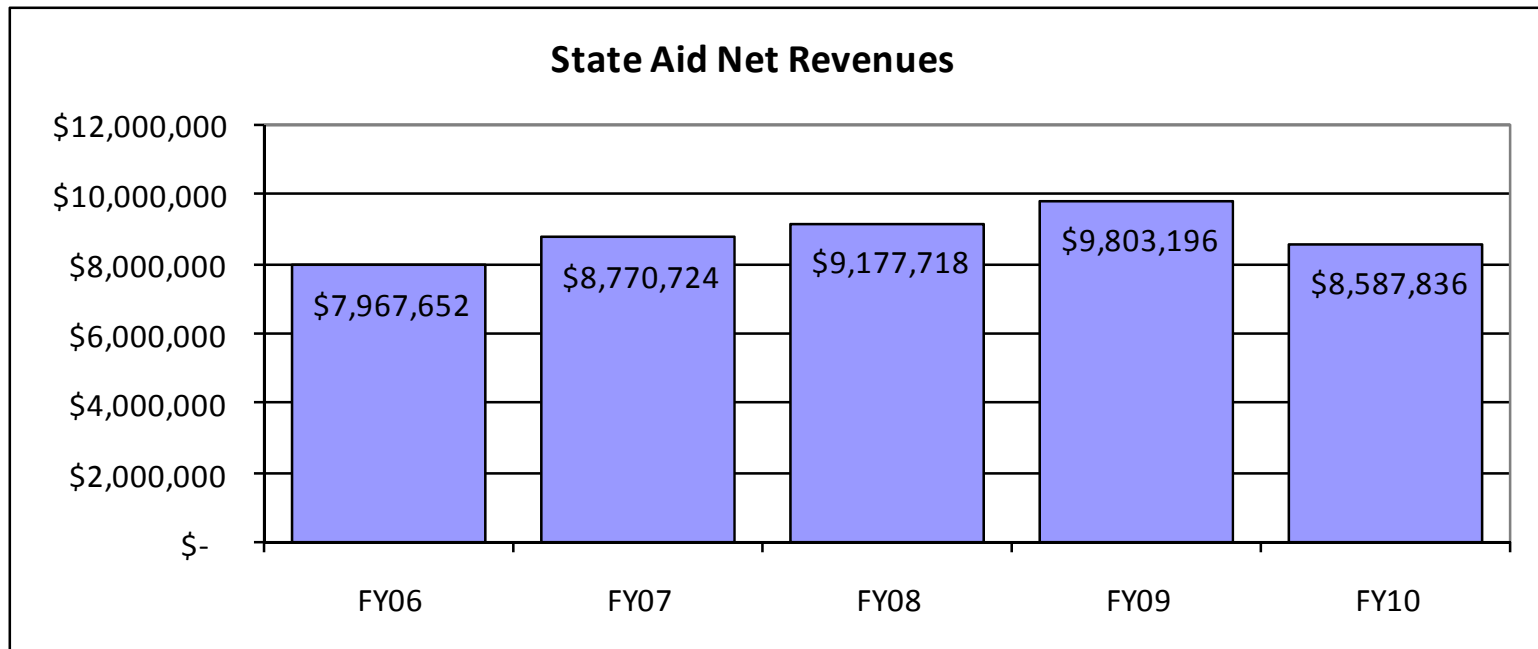


# *Town of Natick*

## FY 2010 Recommended Budget

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### 1. Declining Revenues





# *Town of Natick*

## FY 2010 Recommended Budget

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## 2. Fiscal Realities of FY 2010 Budget

- Current projections for FY 2010 revenues will deviate substantially from previous fiscal years and will necessitate sizable reductions in expenses.
- A “Level Service” operating budget – meaning no new personnel and no new services and including just minimal capital spending - results in a projected funding shortfall of approximately \$4.7 million.
- 2.2% increase in general government department budgets, 4.9% increase in School Department.
- Significant reductions in spending will be necessary to bring the FY 2010 budget into balance. Extent of cuts necessary will significantly impact the quality and variety of services to which Natick residents have grown accustomed. Personnel layoffs will be unavoidable.



# *Town of Natick*

## FY 2010 Recommended Budget

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### 3. Ongoing Nature of Fiscal Troubles

- Decline in revenues discussed in section 1 impacting current (FY 2009) fiscal year as well. Lower revenues collected in FY 2009 will impact Free Cash certification for future years' use – even with out traditional conservative approach to revenue forecasting.
- Economic downturn was impossible to predict going into FY 2009 or FY 2010. Result is deficit for current and future year's budgets.
- Current year State Aid reduction possible – Governor to act in January.





# *Town of Natick*

## FY 2010 Recommended Budget

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### 3. Ongoing Nature of Fiscal Troubles

In summary, we are presently facing multiple and multi-year budgetary challenges, including

- Anticipated decline in revenues in key local receipts categories
- Anticipated limited available free cash in upcoming years
- Potential reduction in state aid in this current fiscal year
- Virtually certain reduction in state aid in FY 2010
- Likelihood that such trends will continue into subsequent fiscal years



# *Town of Natick*

## FY 2010 Recommended Budget

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### 4. Related Fiscal Troubles

- The Police Superior Officers' Union contract unsettled
- \$325,000 supplement for this winter's snow removal activity – so far.
- Future significant increases in the Contributory Retirement System contributions.
- Funding of the Town's "other post-employment benefit" (OPEB) obligation. The Government Accounting Standards Bureau (GASB) is requiring all municipalities to identify their OPEB obligations by 2010; our analysis is underway. While GASB has not, as of yet, required municipalities to fund their OPEB obligations, such a mandate is inevitable. The liability will be significant – millions of dollars – and accordingly many municipalities have already initiated their efforts to fund the obligation.
- FY 10 budget has just \$350,000 allocated for capital spending. This capital allocation is dramatically lower than what is necessary to address needs.



# *Town of Natick*

FY 2010 Recommended Budget

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## 5. Prudent Measures for Fiscal Progress

- Voluntarily work hour reduction program for employees.
- Hiring freeze for all positions unless conditions warrant that the position be filled
- Conducted the fall residential leaf and brush pick up program on a series of Mondays, and deferring the customary Monday bulky waste pick-ups during this period, to avoid the overtime costs usually incurred and assessing opportunities for further reduction of overtime costs throughout all departments.
- Deferred action on certain capital projects that have been authorized but for which funds have not yet been expended.
- Evaluating of opportunities to increase fees where warranted pursuant to the Fee Analysis recently conducted



# *Town of Natick*

## FY 2010 Recommended Budget

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### 5. Prudent Measures for Fiscal Progress

- Refinanced existing debt, resulting in savings of around \$436,000; our FY 2010 total debt obligation of \$7.159 million begins to drop off in FY 2011, potentially creating opportunity for additional borrowing to fund needed capital projects.
- Evaluating opportunities, in conjunction with representatives from the School Department, to collaborate on the delivery of services, as recommended by the Expense Control Task Force.
- Establishment of Financial Management Principles (see Appendix B). Over the coming weeks, I will be seeking endorsement of these concepts from the Board of Selectmen and Finance Committee.
- Continuing to work on State-level enhancements to Municipal finance
- Working diligently in anticipation of President-Elect's Stimulus Package



# *Town of Natick*

## FY 2010 Recommended Budget

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### 6. Budget Changes

- Emphasis on enhanced clarity & transparency
- Separate & Defined Revenue Section
- Standardization of all budgets – including mission statements, departmental goals, narratives, staffing histories, organization charts, financial detail and line-item detail
- Separation of Program Improvement Requests (add-ons)
- Enhanced Appendix, including financial policies, 10-year snow& ice history, FY 2009 Recap, Statement of Reserve Position, excerpts of charter & by-laws which govern budgeting in Natick, expanded Glossary and Demographics sections



# *Town of Natick ~ Home of Champions*

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# *Thank You*